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FOR IMMEDIATE RELEASE:
Wednesday, February 17, 2010

Energy Department Improves Financial Management of Contractor Pension Costs

$300 million savings will support significant new job creation and accelerated cleanup efforts

AIKEN, S.C. - Today the Department of Energy announced a plan to use $300 million for additional cleanup efforts at the Savannah River Site this fiscal year as a result of improved financial management of the Department's pension costs. While the Department is evaluating the most effective use of these funds, this money will be available for a range of investments including reducing tank waste cost, reducing the number of contaminated acres, and other laboratory and infrastructure needs.

Following a thorough review of its contractor pension program, we have determined that more than $300 million can be used for direct investment in cleanup efforts and job creation without having any impact on pension benefits for the vast majority of contractor employees.

"By making common-sense changes to the way we handle the reimbursement of contractor pension costs, we will be able to create more contractor jobs and accelerate the environmental cleanup underway at Savannah River," said Chief Financial Officer Steve Isakowitz. "Not only will we continue to ensure that our contractor employees receive the benefits they are entitled to, but we'll also meet our obligation to taxpayers through sound financial management."

Impact of the Changes

Of the 18,000 people from the Savannah River Site in the multiple-employer pension plan, less than 1 percent are expected affected, <u>but all will be paid the entire value of their pension. No current retirees are affected, and no one will be forced into an affected payment option.</u>

Employees who retire are given eight different payment options for their pensions. As a result of the changes, seven of those options remain the same. Payments will potentially be restructured for some participants of one option, but there will be no net reduction in pension value for employees who choose this option. The choice is entirely voluntary.

Only employees who decide to retire after February 28th of this year will be potentially affected, and only if they choose this one option. Employees electing the affected payment option will receive the same total lifetime benefit from the retirement plan as they would have otherwise received. The affected payment option will be restructured so that it pays out more evenly over time rather than frontloading pension payments.

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